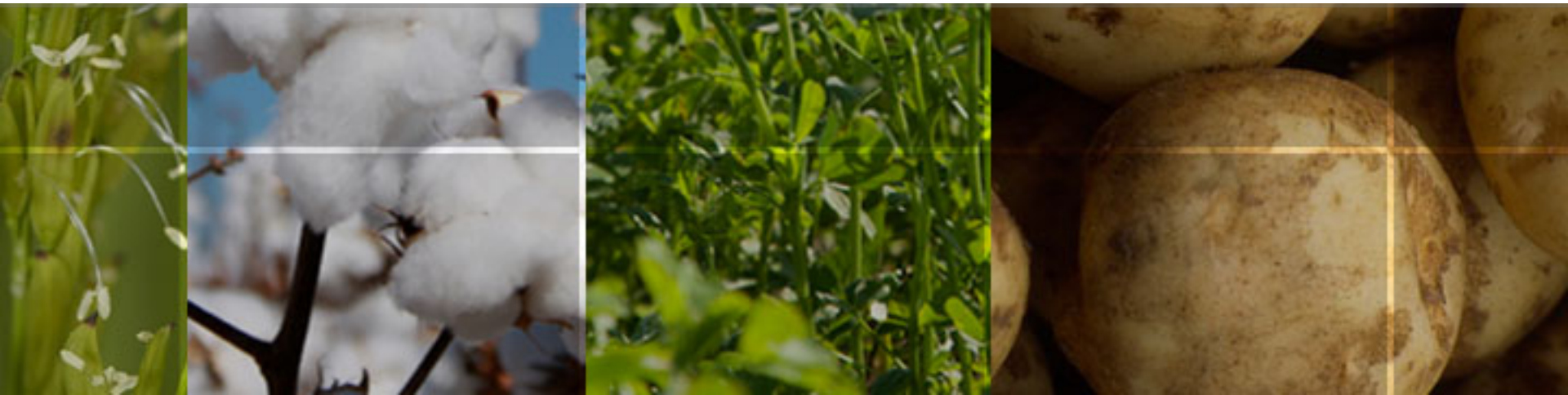
Field to Market Board Verification Update Session

January 10, 2017



Agenda

1. Proposed Impact Claim Verification Cycle
2. Accounting Systems for volumes and downstream claims
   - Soybean Example (Sample Figures)
3. Verification Roles
4. Verification Documentation Required
5. Continuous Improvement Plan update
6. Sample Case Study

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Some points to consider as we go through the afternoon

1. This is not a recommendation from the Verification Committee
2. We are defining the minimum requirements – Projects can decide to do more, but not less
3. FTM and/or a Third Party Verifier's access to data – FTM has access to all data entered directly into the FPP. FTM only has access to aggregate data via API
4. Implications for Fieldprint Platform (FPP) 3.0 build and other potential FTM technology needs
5. Scalability over the next 3-5 years

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Proposed Impact Claim Verification Cycle based on defined roles

Role	Description
Project Owner	• Party that starts a project • Party for whom a project is started • Intended buyer of product • Party that plans to make an impact claim
Project Specialist	• Technical support for growers, often employed or contracted by the First Aggregator • Ensure growers understand the Fieldprint Platform
First Aggregator	• First collection point of product from growers involved in the project • Party responsible for tracking volumes purchased from growers • Responsible for tracking corresponding sales of product

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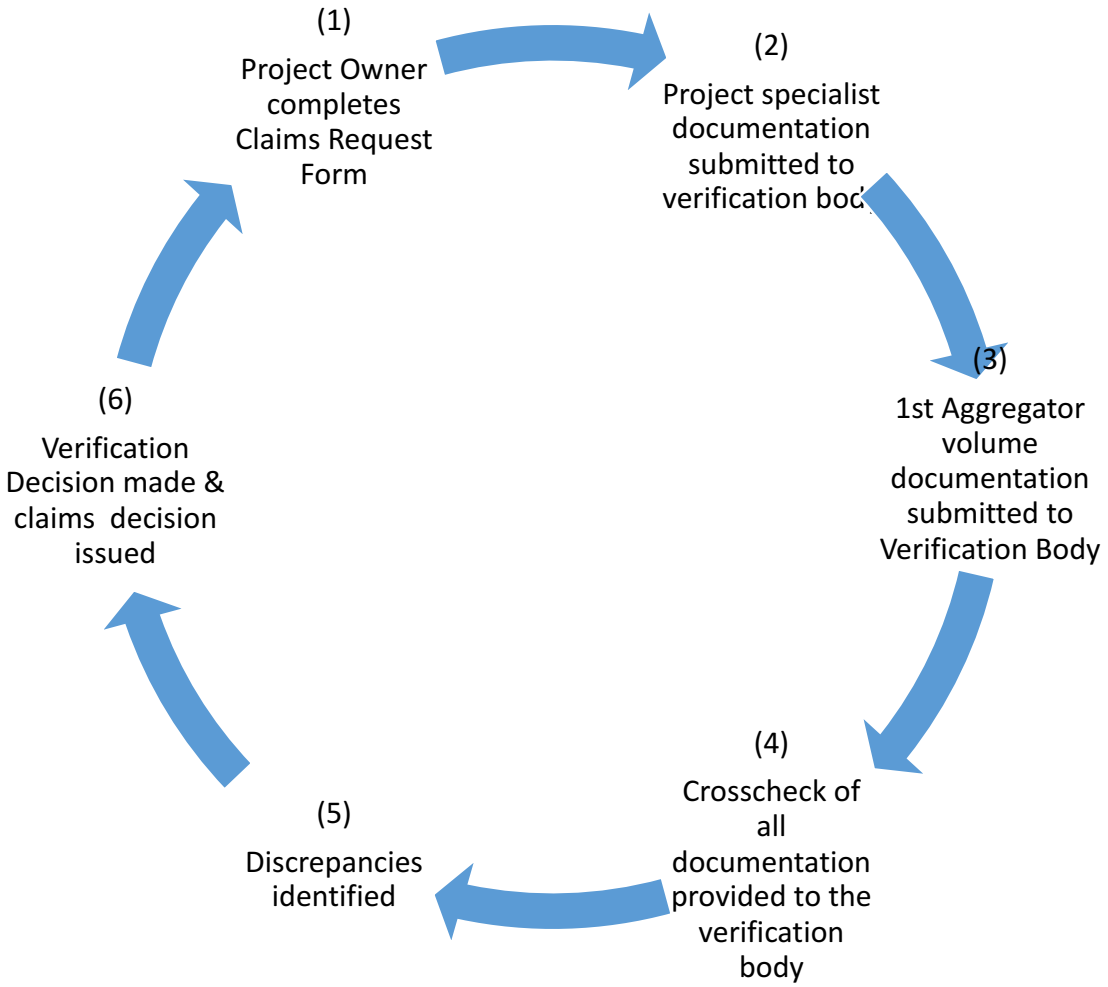
Proposed Impact Claim Verification Cycle based on defined roles (continued)



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Assumptions that led to the proposed accounting system

- A traditional mass balance approach tracking real volumes (volume in is less than or equal to volume out) is not possible as a minimum standard.
- A “volume proxy registry” as a minimum standard would allow a variety of projects at different levels of sophistication.
- Growers can maximize their income by choosing where they sell their products, if it is not already contracted.
- Project Owners will want some form of a supply chain link, even if they will not make claims that directly tie to a specific identified volume.

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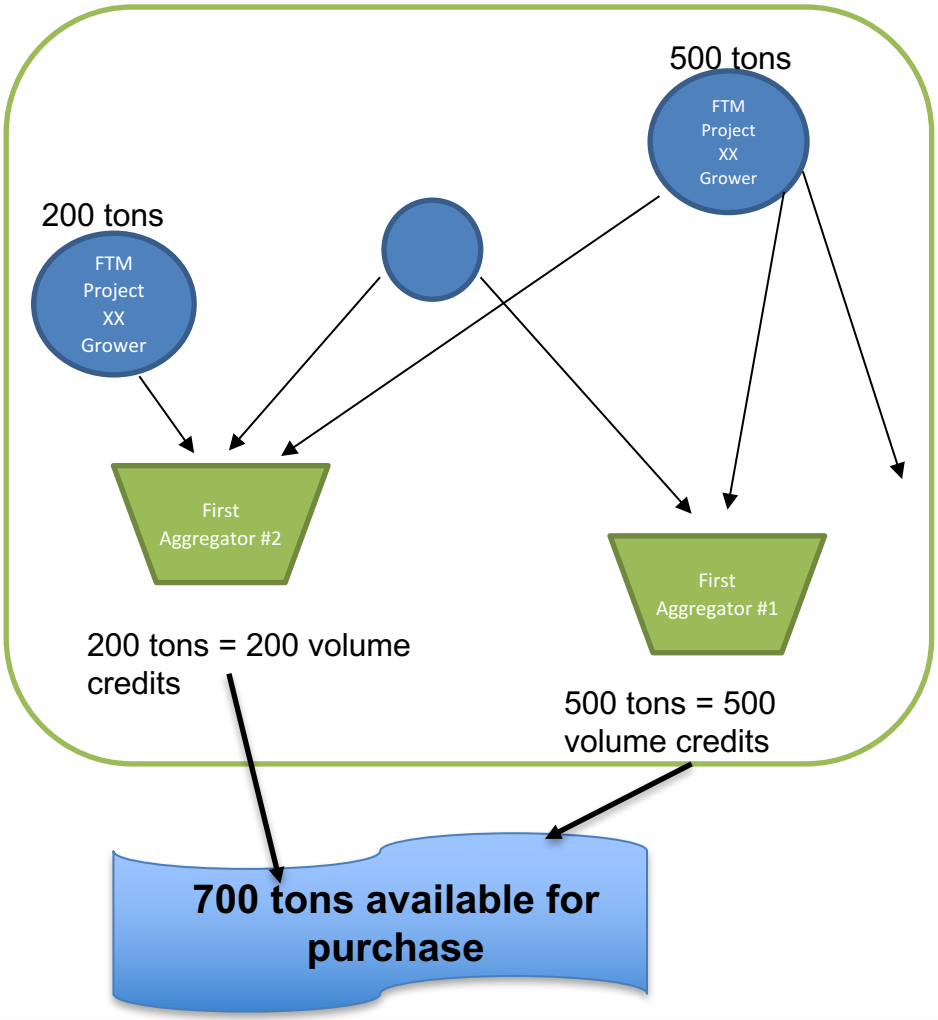
Allowing a “Volume Proxy Registry” Accounting System enables a variety of supply chains

Project Owners work with the First Aggregator from growers in tracking available volumes using a “volume proxy” system. The Project Owner works with the First Aggregator in controlling available volumes and ensures that that the Project Owner has, at a minimum, access to appropriate volumes



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Case Study 1 – How much volume is associated with "Project Soy" with 20 Growers and 20,000 enrolled acres?

	Per Grower	Total for Project	Comments
Number of Growers	1	20	Number registered with project
Acres ENTERED* in the FPP for Project Soy	100 acres	100 acres X 20 growers = 2,000 acres	This data is in the FPP for growers who enter data directly into the FPP
Acres ENROLLED** in the FPP for Project soy	up to 1000 acres	up to 20,000 acres	A minimum of 10%*** of ENROLLED must be ENTERED
Production Volume Estimate for ENTERED acres, using an estimated average yield	100 acres x 48 bushels/acre**** = 4,800 bushels	4,800 bushels x 20 growers = 96,000 bushels	Bushels from the entered project acres that the first aggregator is able to account for
Production Volume Estimate for ENROLLED acres, using an estimated average yield	up to 1000 acres X 48 bushels/acre = 48,000 bushels	48,000 bushels x 20 growers = up to 960,000 bushels	Total bushels from the enrolled acres that the first aggregator is able to sell and account for

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*__Entered__ means acres with data entered into the Fieldprint® Platform (FPP)
**__Enrolled__ means acres that can be included in the project where at least 10% of those acres are entered. FTM started collecting this information in 2016.
***Investigating other statistically relevant ways of defining % of total that must have data entered into the FPP
****USDA Crop Production 2015 Summary for soybean yields. Can correct with ACTUAL YIELDS when available

Case Study 2 – This logic can also be applied to Project Soy co-products

	Per Grower	Total for Project	Comments
Number of Growers	1	20	Number of growers registered
ENROLLED Bushels Estimate (see previous slide)	1000 acres X 48 bushels/acre = 48,000 bushels	48,000 bushels X 20 growers = 960,000 bushels	Bushels from ENROLLED Acres
ENROLLED Soybean POUNDS Estimate	48,000 bushels X 60 lbs. = 2,880,000 lbs.	960,000 bushels X 60 lbs. = 57,600,000 lbs.	Based on 60 lbs. in a bushel
Pounds of Crude Soybean Oil* from ENROLLED bushels	2,880,000 lbs. X 0.178* =512,640 lbs. crude Soybean Oil	10,252,800 lbs. crude Soybean Oil	Amount of Soybean Oil that Project Owner can account for from ENROLLED bushels
Pounds of Soybean Meal from ENROLLED bushels	2,880,000 lbs. X 0.792*= 2,280,960 lbs. soybean meal	45,619,200 lbs. Soybean Meal	Amount of Soybean Meal that Project Owner can account for from ENROLLED bushels

*US Soybean Export Council Website – Soybean Conversion Tables

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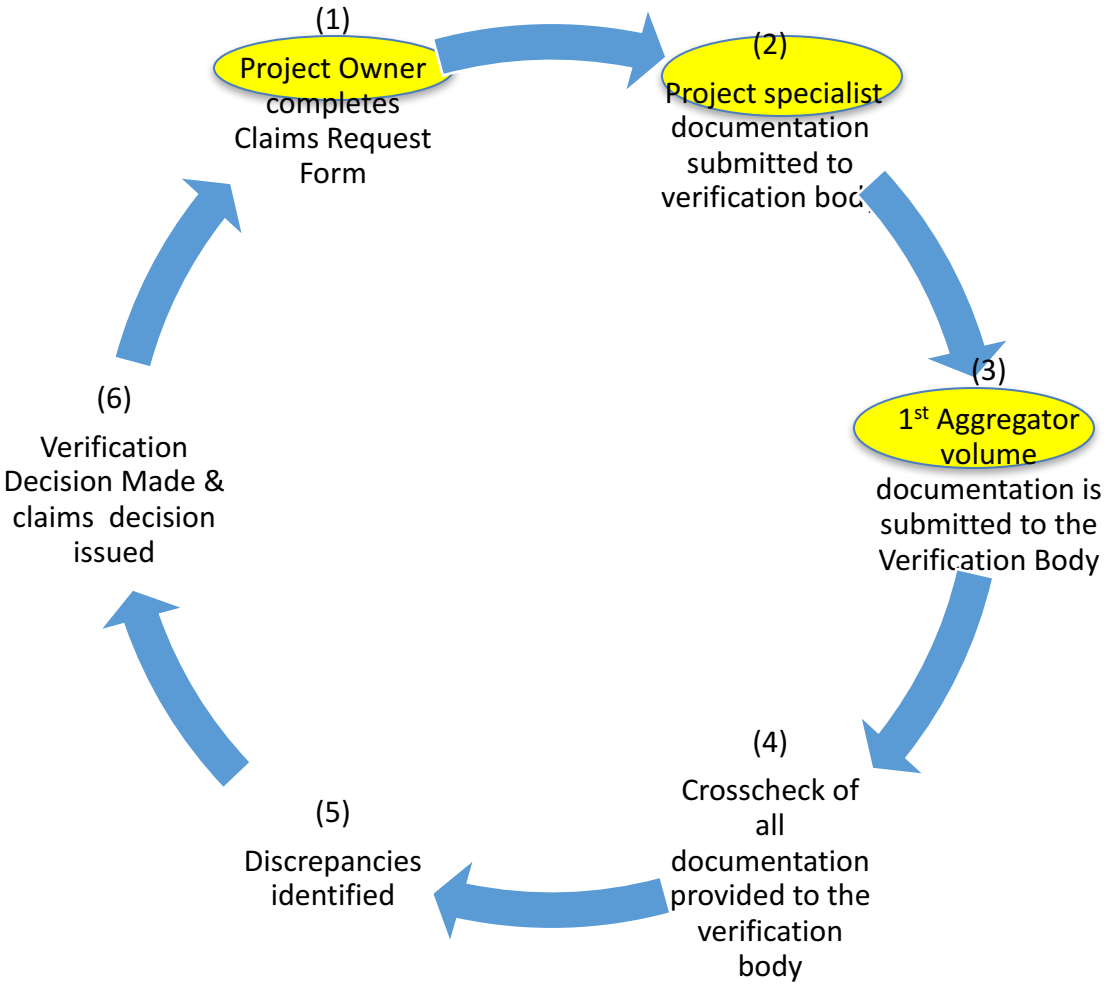
The Verification Cycle requires parties involved in a project to have defined roles



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Roles- still being refined

Party that files a claim may not have access to raw data

FTM currently does not collect, or have access to, some of this data

Grower	Project Specialist	First Aggregator	Project Owner	Project Partner	FTM	Verification Body	Late Actors
Fill out FPP or equivalent	Engage growers	Track (volumes from) FTM Growers	Request Claim - FA registry - Supply chain map - FTM requirements	Register with project	Manage FTM Registry (by project) - acres - entered - enrolled - yields	Check Claims Request	Register with project
Enter Acres	Facilitate input of data	Grower ID Registry	Provide FTM documents - Factsheet -Comm. Plan - Annual Report - Etc.	Provide project support	Verification of Participation / Measurement Claims	Interview Project Specialist	Complete late actor checklist
Provide shapefiles?	Train in the FTM approach	Provide Documentation on volumes to vertification body			Volume Reconciliation	Crosscheck grower IDs between PO & FTM	
Engage with Project Specialist	Provide Report	Track FTM (volumes going out to) downstream actors	Farmer Engagement		Volume --> Credit Conversion	Crosscheck volumes between PO & FTM	Provide project support
						Crosscheck FA Registry	

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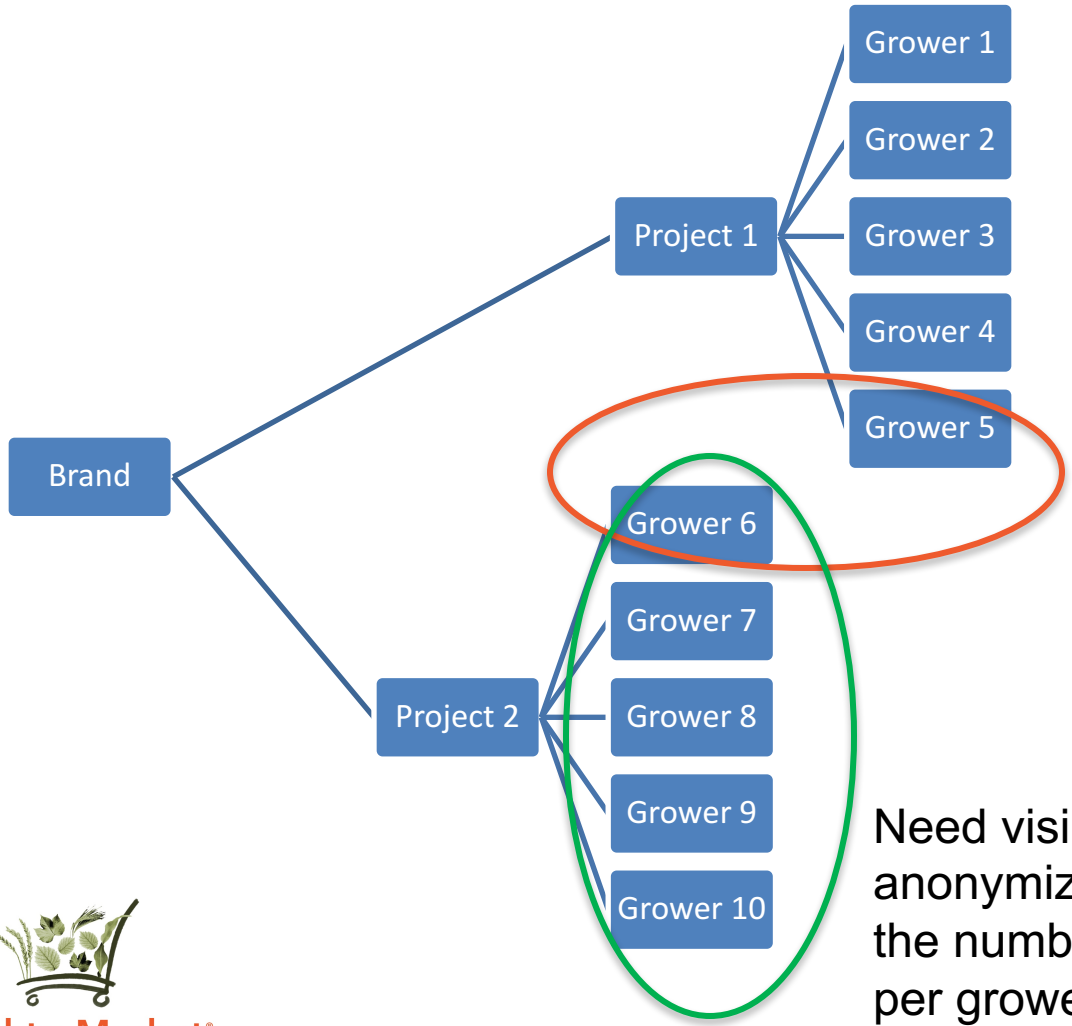
Both Measurement Claims and Impact Claims rely on access to data



Need to ensure no double-counting in acres or volumes. Shapefiles are one way to do this

Need visibility into an anonymized data set supporting the number of growers and acres per grower which is not currently provided via API

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Qualifications for the newly defined roles

Project Specialist

Education and work experience:

Post-secondary school diploma or equivalent

AND

Minimum 2 years of experience post degree related to the agriculture industry.

OR

Minimum 5 years of industry experience in agricultural production and/or management of agricultural crops.

Verifier

Practical training by FTM about the FPC

a. Account registration
b. Data entry
c. Metric interpretation
d. Calculator deliverables
e. Pilot administration

Knowledge of agronomic practices

Competencies: Experience in sustainable agriculture and/or sustainability programs.

Conflict of Interest: Signed contracts or agreements committing them to confidentiality.

Confidentiality: Maintain the confidentiality of all client specific information.

Verification Body

Authority and Responsibility

Capacity and Competence

Quality Assurance

Records

Regulatory verification reports

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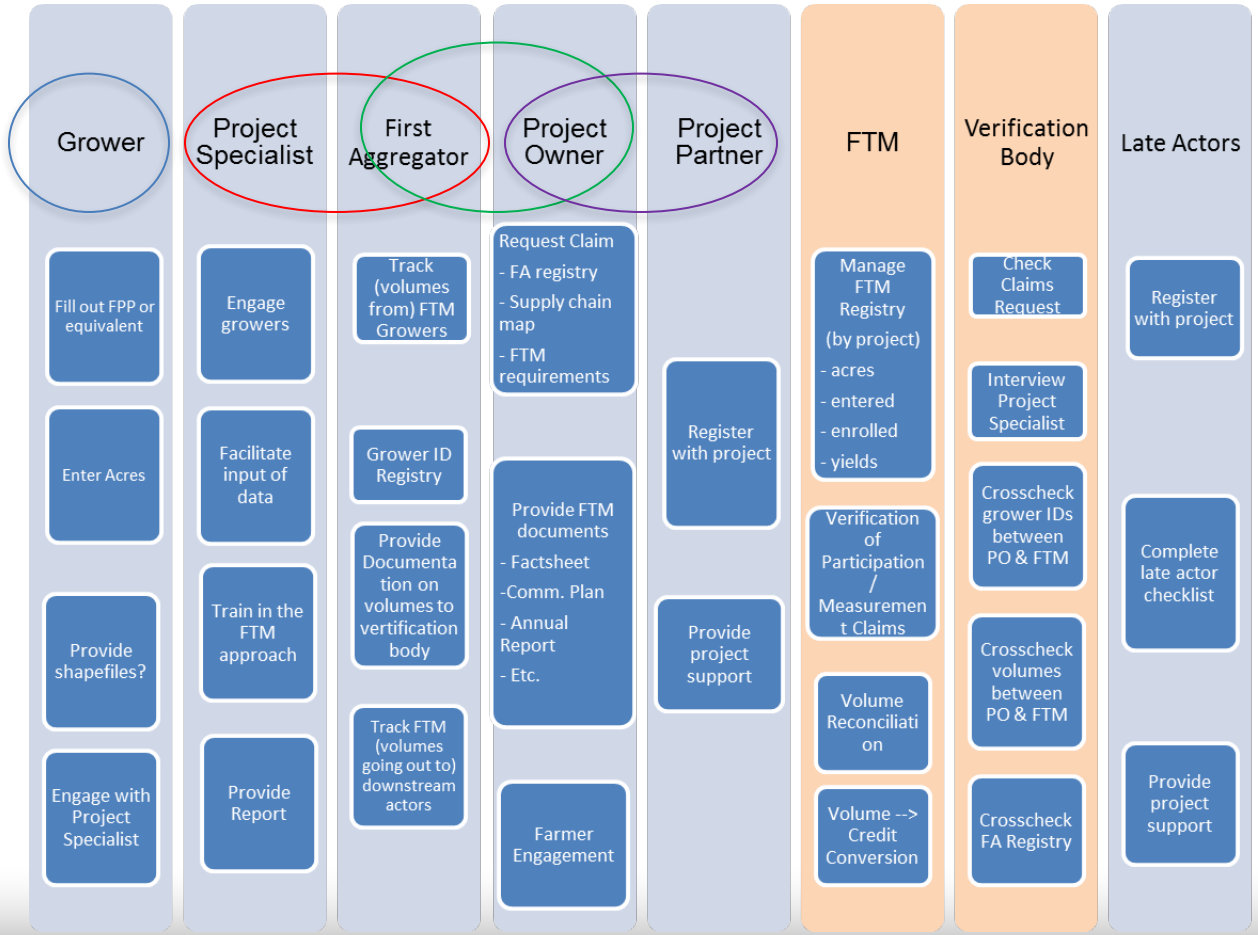
Case Study 3 – Roles in Verification

Project Soy was started by Margo Margarine Brand who enlisted Cargill to set up a project in Iowa with 20 growers. Cargill has 1 staff member who works with the growers to train them on the Fieldprint Platform and how to input data correctly. Margo files an impact claim in Year 6. Who plays which role?



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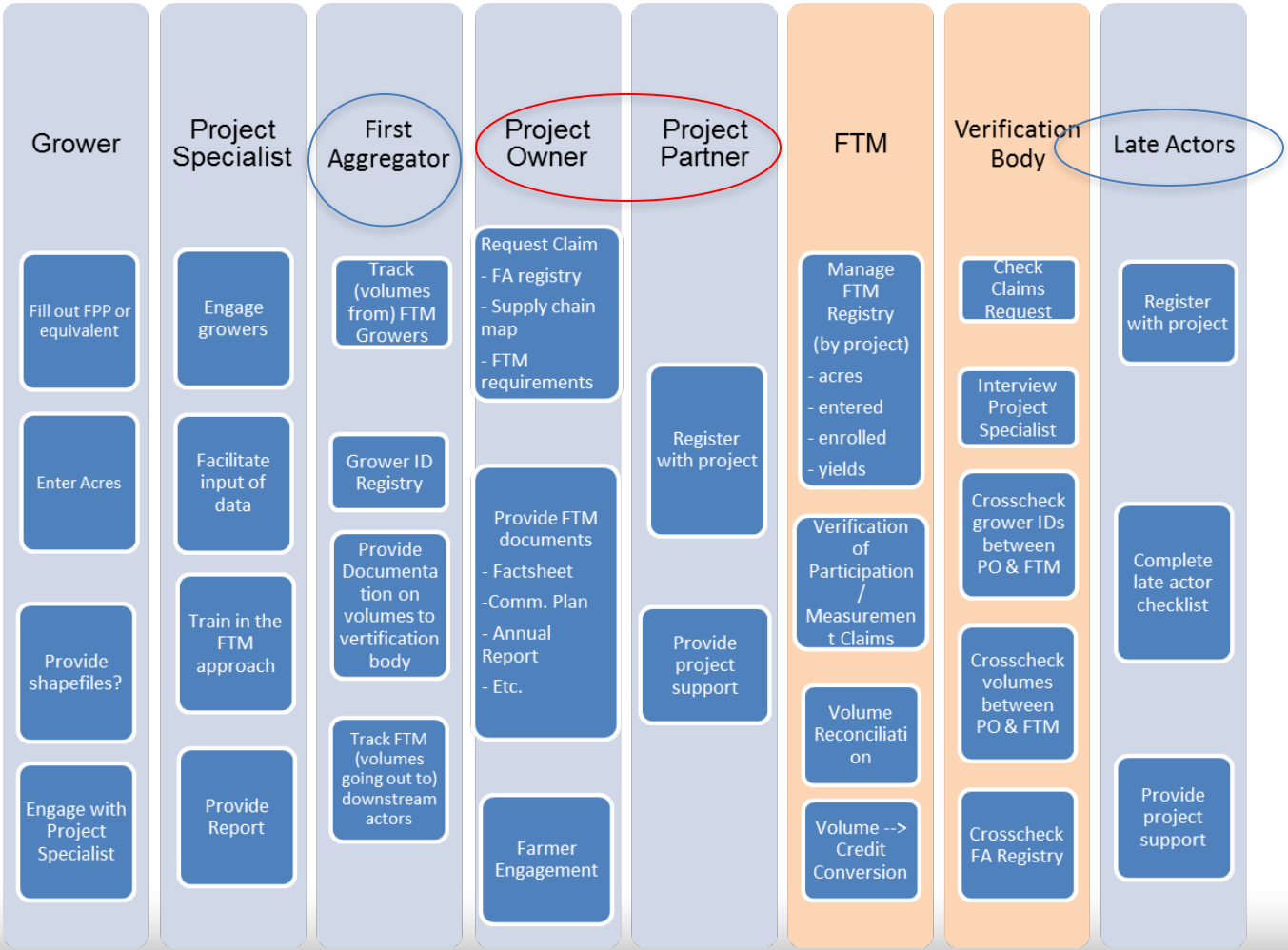
Case Study 4 – Roles in Verification

Vittles Feed Company hears about Project Soy and that Margo Margarine is not using the meal that is produced. Vittles wants to buy the meal and make an impact claim. Who plays what role and what should the process be?



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Co-products from previous slides

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Documentation Required

1. Impact claim can only be submitted by a Project Owner, Project Sponsor approved by Owner, or Project Growers

2. All FTM required documentation must be completed and submitted to FTM
    - Project is registered and has 5 years' data
    - Annual Reports filed
    - Continuous improvement plan submitted (by 3rd year)

3. Additional Verification Documents
    - Impact Claim Request Form Completed – Needs to be drafted
    - Anonymized Grower ID list – to pull data to ask specialist questions
    - First Aggregation Point Registry to show they know which growers are included that they can buy from
    - Project Owner Report
    - Quality Manual indicating the responsibility of parties

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Documentation Required (continued)

4. First Aggregator must be able to demonstrate the accounting system (database, paper-based, or other) and how volumes are tracked if impact claim is attached to a product

5. Project Owner must be able to demonstrate the accounting system (database, paper-based, or other) and how volumes are tracked if impact claim is attached to a product

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Steps included in the verification process

- Interview Project Specialist
  - How was data input? What is the data quality management system?
  - How are growers engaged?

- Where necessary, cross reference deliveries listed at First Aggregator against the list of growers that are Project participants, and document the delivery volumes corresponding to those Project participants.

- Verifier will cross check volumes declared by First Aggregator with estimated/actual yields (based on growers FPP input).

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Steps included in the verification process

- Cross check FTM documents provided by Project Owner with documents provided by Project Specialists.
- Cross check Project participant list (anonymized but trackable in the system) provided by Project Owner with actual project participants (sponsors/partners).
- Cross check volume credits associated with each project, as reported by Project Owner and participants making the claim, with FTM records.

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Guidelines go into details of questions to ask

Interview Questions for specialist:	
Questions:	
1. What were the goals of the project, and how were these achieved (or not)?	Answers may vary: The purpose in asking this question is to ensure that the project specialist fully understands the project in which they belong, and they can reiterate the goals established by the FTM documents.
2. How did you approach the growers? What was the method of grower engagement within the project?	*Acceptable Answers:* The project specialist contacted the growers in person, by phone and/or together with the project sponsor.
3. What was the nature of the relationship between the growers and the project specialist?	*Acceptable Answers:* Project specialist was available for support during regular business hours, or at specified times that were communicated with the growers. *Unacceptable answers:* The project specialist had no contact with the growers.
4. Was there a direct line of communication between the technician and the growers?	*Acceptable answers:* Email, telephone or personal lines of communication were made available. *Unacceptable answers:* The growers and technician never had direct communication.

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FIELDPRINT® PROJECT DRAFT CONTINUOUS IMPROVEMENT PLAN REQUIREMENTS

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Continuous Improvement is a core component of the Field to Market approach. For companies seeking to make an impact claim it is important to be able to demonstrate that the Project Owner is taking appropriate steps to encourage continuous improvement and the associated impact. ***A Continuous Improvement Plan must be submitted in Year Three of a project if the Project Owner wishes to make an Impact Claim in Year Five or thereafter.***

If your organization has a separate Continuous Improvement Plan, please submit it along with this completed questionnaire so that Field to Market can evaluate the completeness of your plan. If you do not have a separate Continuous Improvement Plan, please use this form to elaborate a plan. Sample answers are filled in below as examples of the level of detail that is required in the plans.

Name:	**John Doe**
Title:	**Business Director**
Organization:	**Chi Food Company**
Project Name:	**Iowa Soy Fieldprint Project**
Project Location:	**Iowa**
Email:	**John.Doe@ChiFoods.org**
Phone:	**444-444-4444**
Date submitted:	**12/6/2016**

1. **Please define the continuous improvement mission for your project**

   – ***What are the key natural resource concerns in the region where the growers in the projects are farming and how were these identified and prioritized?***

   This project is located in the Lime Creek Watershed in Iowa. The Iowa Soybean Association, with input from numerous stakeholders, elaborated a Continuous Improvement Plan which included improvement in water quality, sustained agricultural productivity and reduced flood risk. Based on this plan, we chose to focus on improvement in water quality and sustained agricultural productivity.

   – ***What are productivity concerns in the region where the growers in the projects are farming?***

   Growers have reported productivity levels that have hit some record highs over the past years. Many have already tapped into local resources for technical assistance. There are numerous

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Case Study 5 - Margo Margarine files an Impact Claim based on Project Soy

The First Aggregator in Project Soy reviews 5 years' worth of data and sees that there is a directional reduction in GHG. They report this to Margo Margarine who decides that they want to publish a statement in their Annual Report that says "***100% of the soybean oil used in Margo Margarine contributes to responsible soy production by supporting farmers on a journey of continuous improvement. Over the past five years, Margo Margarine has engaged 20 farmers, managing 20,000 acres in a Fieldprint Project to measure and improve their sustainability outcomes. These farmers have collectively reduced their GHG emissions by 5% since 2012.***"

What needs to happen for this claim to be approved?

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Project Soy – Margo Margarine files an Impact Claim

1. Margo Margarine submits verbiage to FTM via an Impact Claim form
2. FTM ensures that all FTM Documentation has been submitted by the Project Soy Project Owner (in the case, the First Aggregator)
3. FTM gives Margo Margarine a list of approved Third Party Assessors
4. Margo Margarine contacts chosen Assessor to set up an Assessment
5. Assessor will set up meetings with
    1. Project Specialist – entity closest to growers
        - Understand Grower Engagement
        - FTM Data Quality Review
    2. First Aggregator
        - Since this is tied to product, review of which growers are delivering product, spot check how some product flows through the supply chain

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Project Soy – Margo Margarine files an Impact Claim - continued

5. Assessor will meet with:
    3. Margo Margarine
        - Volume Tracking System Review
6. Margo Margarine pays Verifier directly
7. Verifier makes a decision

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Co-products from previous slides

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Recall the points to consider as we started the afternoon

1. We are defining the minimum requirements – Projects can decide to do more, but not less
   - Are we comfortable that this is the right minimum?
2. FTM and/or a Third Party access to data – FTM has access to all data entered directly into the FPP. We will only have access to aggregate data via API
3. Implications for Fieldprint Platform (FPP) 3.0 build and other potential FTM technology needs
   - Some options to prevent double-counting require technology needs that expand beyond FTM's current mandate e.g. shape files and grower ID tracking
   - API doesn't ask for anonymized grower data, only aggregate figures
4. Scalability over the next 3-5 years
   - This is a project-based system. Growers are also interested in National Claims

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Next Steps

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Next Steps

1. In-Person Verification Committee meeting February 22 to go through the Protocol and Guidelines documents in more detail
2. A Sub-Committee to work on the finer details of the Protocol and Guidelines to ensure their accuracy
3. Develop recommendation to Board
4. Report back in the next Board Meeting
5. Target presenting to members in June
6. Pilot to test the process

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Additional reference and example slides

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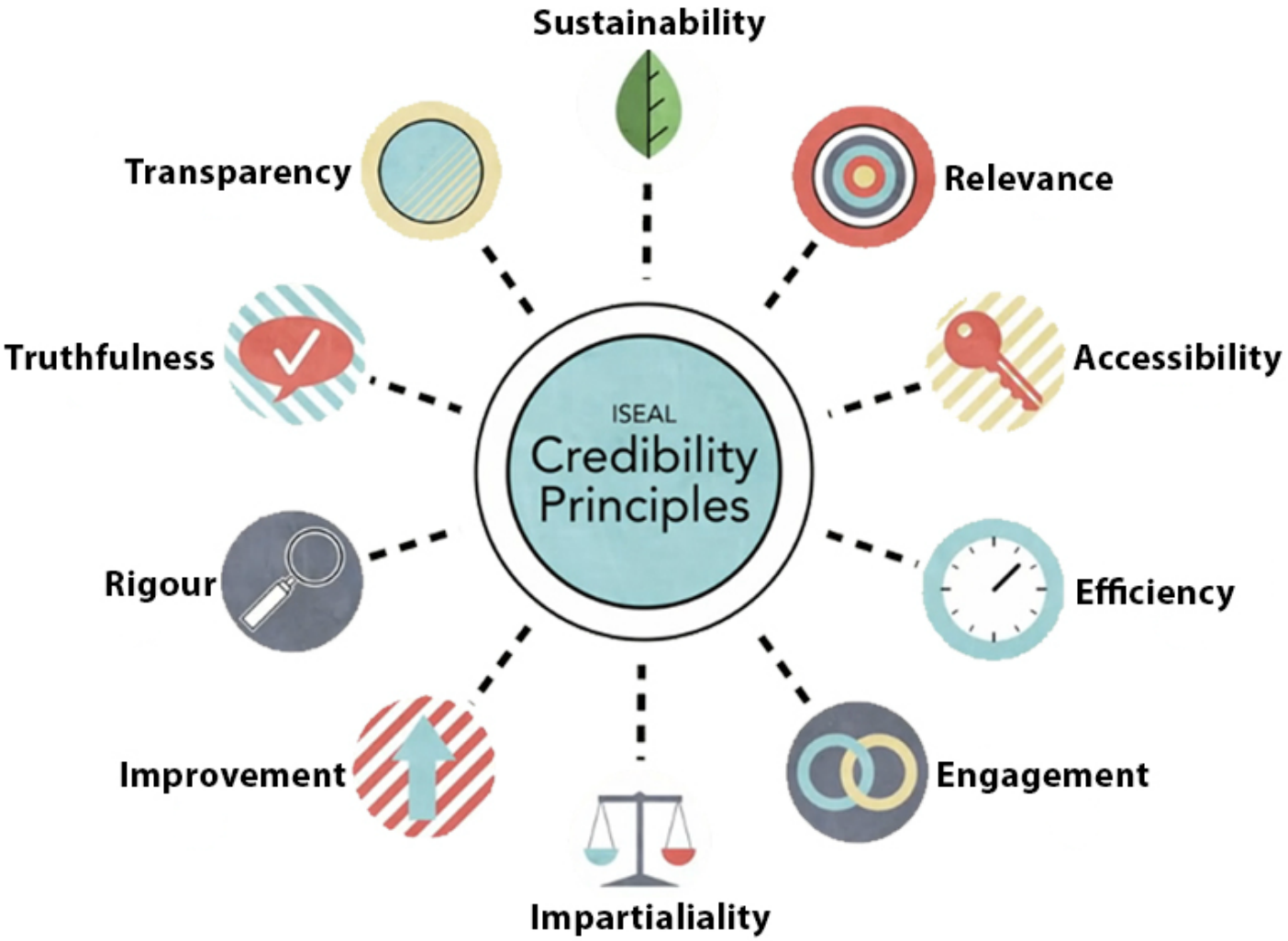
ISEAL Credibility Principles*



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Additional cases submitted

- An agribusiness is involved in the process of helping growers improve and collect data in a region, and connecting those acres on a mass balance to a food company that is buying out of that same region without going through an aggregator. Or perhaps that ag retailer would want to make a claim on their own. How would this work?

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Additional cases submitted (continued)

- A food company knows at a high level from where they are sourcing (or has set a priority to target certain states), and is engaging in priority regions that may or may not flow through an aggregator into the company's supply chain. This company could be working with technical advisers (like NRCS) to help promote continuous improvement and measurement, but not flowing into their supply chain. Could they get credit for that work and make claims? It wouldn't be a product level claim, but could it count towards overall sustainability goals?

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